Professional Compensation

The Basics of Performance-based Compensation

Utah State Joint Education Interim Committee Differentiated Pay

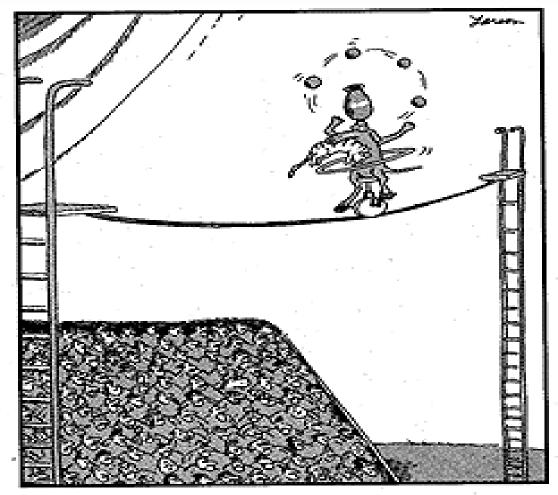


My Resume

Douglas County, CO Cincinnati Washington, DC New York City Chicago **Minneapolis** Denver Pr. Georges County, MD Dallas

Broward County, FL Toledo Philadelphia St. Francis, MN Hillsborough, FL Collier County, FL Austin Houston Many More...





High above the hushed crowd, Rex tried to remain focused. Still, he couldn't shake one nagging thought: He was an old dog and this was a new trick.

One of the biggest hurdles in developing a new compensation system is the amount of change required to properly support to new program.

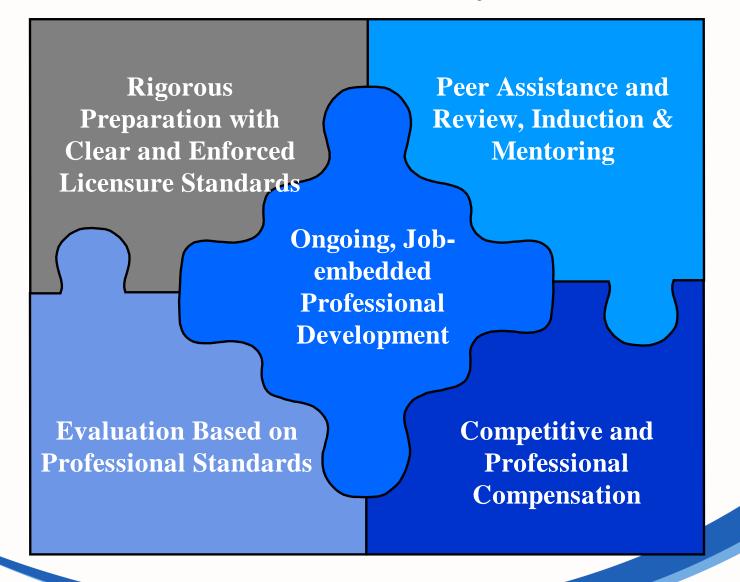


An Important Perspective

Although Professional Compensation is a promising part of improving teacher quality, it is only **one piece** of the puzzle. Professional Compensation systems done in isolation have little chance of success. To improve teaching quality, other aspects of teaching and its development **must** be addressed.



The "Teacher Quality" Puzzle





A Word of Caution

How you communicate, both internally and externally, will play a large role in the success of your program. Take time to carefully frame your message by using appropriate language, controlling the flow of information to avoid misunderstandings, and using facts and sound research.

Far and away, this is the number one mistake in the development of performance pay plans.



A Word about Base Salary

Base salary, along with benefits, are the most important parts of any compensation system--performance or otherwise. *The base pay structure must continue to recognize the value of teaching experience. Similarly, pursuing extra education should be rewarded.

*Many criticize experience as a factor in determining a teacher's salary and then express the concern that too many inexperienced teachers are found in the lowest performing schools.



The Easy Part

- Pay for Skills and Knowledge (Input)
- Pay for Responsibility (Extra work)
- •Pay for Student Performance* (Output)

*Pay for student performance will require a <u>large</u> restructuring of most school districts' instructional support systems.



Quid Pro Quo

From the beginning, it is important to stress the point:

The District (or State) must not ask teachers to look at their financial interests differently if the District (or State) is not willing to look at its financial structure differently.

In most cases, this will need to be stressed numerous times.



A Deal Breaker!

Performance Pay **Teachers** Other **Teachers** Other

This type of system lowers a teacher's standard of living.



Deal Maker!

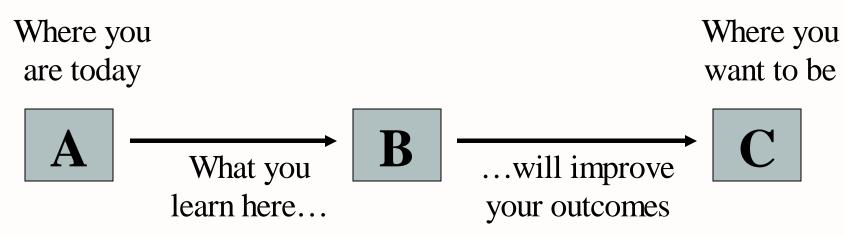
Performance Pay **Teachers** Other **Teachers** Other

This type of system does not lower a teacher's standard of living.



Strategic and Systematic

Developing a Strategic Process



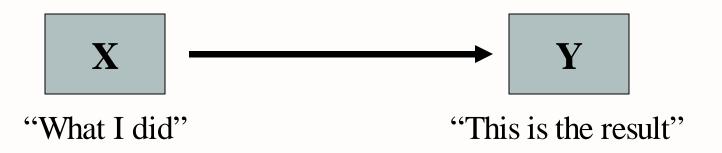
Creates the Basis for a Systematic Approach

Performance pay is a process, not an event.



The Importance of "Causal" Effect

Any plan must make certain that teachers influence the metrics in an understandable and observable way. Teachers in "variable" pay plans must see how their performance <u>directly</u> effects the outcomes.



The importance of this "effect" goes beyond individual need; it also is the key to organizational growth.



AFT's Basic...

Requirements

...For A Successful Program

- An Adequate Base Salary
- Sufficient and Stable Funding
- •Credible, Agreed-upon Standards of Practice
- Support to Improve Professional Practice
- Labor/Management Collaboration ("Trust")
- Incentives Available to All Teachers
- Easily Understood Standards for Rewards
- Necessary Support for Program



Individual Performance Pay

PROS

- Politically powerful
- Has high loyalty by participants
- Relatively low cost
- Creates a group of teacher leaders

Inter-rater reliability is hard to manage and control.

CONS

- Difficult to develop and measure
- Creates expanding expectations
- Concerns regarding objectivity
- Creates "false positives" & "true negatives"



Group Performance Pay

PROS

- Widely accepted
- More valid and reliable metrics
- Positive public relations
- Academically aligned

Inter-rater reliability is easier to manage and control.

CONS

- Tremendous amount of work at front end
- Time-consuming assessment and reports
- Some teachers not "group workers"
- Groups "adjust" plans



Combination Systems

PROS

- Provide the most flexibility
- Allow teachers to develop their "own program"
- Have high participant satisfaction

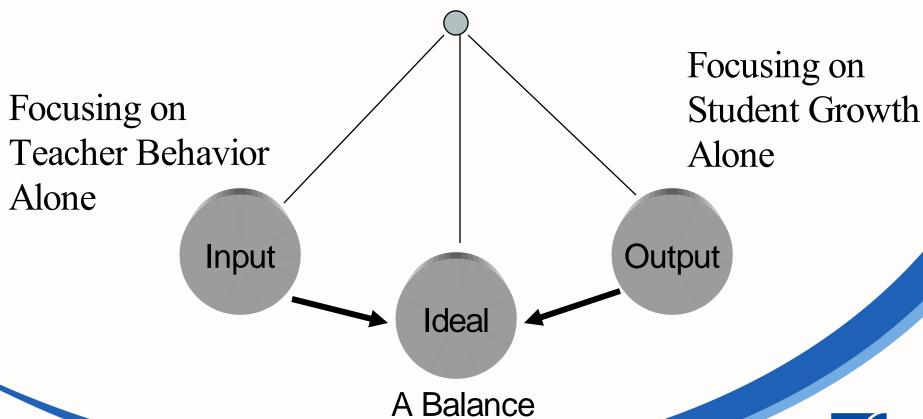
CONS

- Tremendous amount of work to maintain
- Different parts of the plan can be in competition
- Time-consuming assessment and reports



Swing to the Middle

The Teacher Compensation Pendulum





Value-Added Methodology

Using VAM as a Measure of Individual Teacher Effectiveness

Information in this portion of the presentation is adapted from the work of Dan McCaffrey at RAND, Henry Braun at ETS and Bob Linn from the University of Colorado.



Value-Added Methodology

- VAM has very high expectations
- VAM is extremely complex
- VAM recognizes that:
 - schools and teachers contribute to growth
 - achievement is dependent on non-educational inputs
- VAM tries to separate educational inputs from others (e.g., family or student background)



Value-Added Methodology

Diagram is Exaggerated for Effect

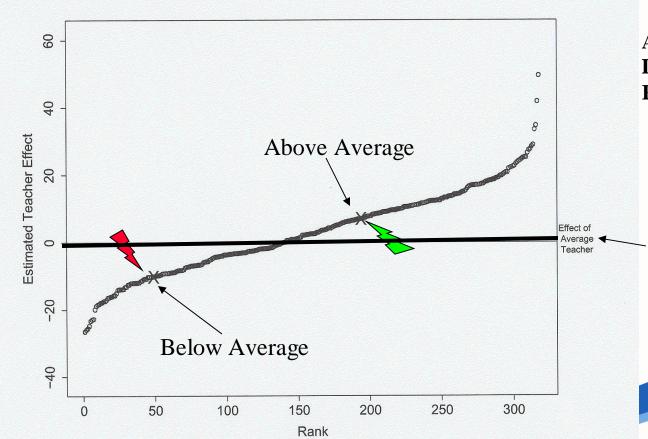
Change in Predicted Growth Score Current Year

Time



VAM - Random Error

Estimated Teacher Effects, Grade 2 Teachers



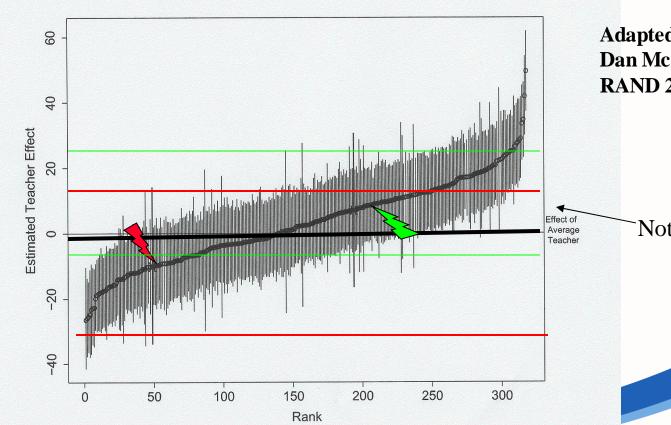
Adapted from Dan McCaffrey, RAND 2004

Average Teacher



VAM - Random Error

Estimated Teacher Effects, Grade 2 Teachers



Adapted from Dan McCaffrey, RAND 2004

Notice Overlap



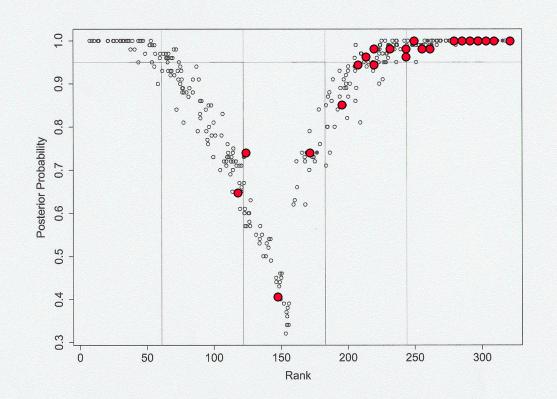
VAM - Random Error

- VAM is very sensitive to random errors
- Random error bars would cover over 40% of the range
 - Given 100 teachers, a teacher ranked 50th may have an actual rank from 30 to 70
- ✓ Teachers at the extremes (above 90th or below 10th percentile) have a 50% chance or greater of being misclassified



VAM - Systematic Error

Most Teachers Not in Title 1 Schools Have Estimated Effects Distinctly Above Zero



Adapted from Dan McCaffrey, RAND 2004



Red Dots Are Teachers not in Title 1 Schools

VAM - Systematic Error

- VAM is sensitive to systematic errors
- Teachers in Title I schools are much more likely to be considered below average
- Teachers in Title I schools are less likely to be considered above average
- This effect is roughly one half of a standard deviation
- Estimated teacher effect can depend on the characteristics of the students they teach



VAM - The "Real" Issue

288 students (12 x 24)

Amount of data used for school-wide effect

This difference makes measuring the effect of individual "classrooms" subject to a large amount of error.

24 students

Amount of data used for teacher effect



Final Thought

Not research-based, but

- •Combining student test scores and pedagogical measures into a single decision tends to only provide more ways to fail and jeopardizes innovative programs and pedagogy.
- •In my opinion, successful programs reward different types of performance (i.e., student scores, teaching skill) independently. This flexibility allows programs to meet both the needs of the system and the students.



For More Information

Rob Weil Deputy Director, Educational Issues American Federation of Teachers 555 New Jersey Ave, NW Washington, DC 20001

Email: rweil@aft.org

Phone: 202-393-6953

